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INTERNAL CONTROL MEMORANDUM

**STATISTICS FOR RESULT PROJECT
UNDER
CENTRAL STATISTICAL AGENCY
(GRANT NO.TF017115)**

AS AT AND FOR THE YEAR ENDED 7th JULY 2017

TAY & Co.

Chartered Certified Accountants & Authorized Auditors

Addis Ababa, Ethiopia

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4 December 2017

To: **Central Statistics Agency**
Statistics for Result (Grant No.TF017115)
Addis Ababa

Dear Sirs,

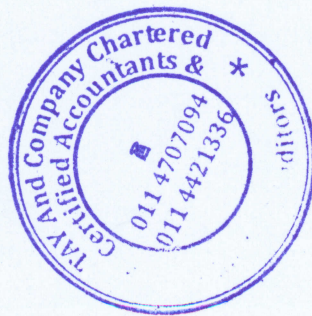
MANAGEMENT LETTER

In accordance with our appointment as auditors, we have audited the financial statements of **Central Statistics Agency Statistics for Result project (Grant No.TF017115)** for the year ended 7th July, 2017 and have issued our reports thereon separately.

The matters referred to in this report came to our notice during the conduct of our normal audit procedures, which are designed primarily with a view to expressing our opinion on the account of the company.

Therefore, our comments cannot be expected to include all possible improvements in internal control, whether all relevant policies and procedures are in operation and to disclose all defalcations and other irregularities that a more extensive special examination might reveal.

We would like to give our observations and recommendations on certain aspects of internal control and other matters as follows:



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1. Observation

We observed that the following balances reported as Advance- Trainees have been long outstanding for over a year.

Date	Description	Amount
11/05/2016	A/R Lamerot Abera	34,567.00
11/05/2016	A/R Anteneh Habte	32,820.00
11/05/2016	A/R Samtew Birhanu	23,695.00
11/05/2016	A/R Bizuayehu Asfaw	54,950.00
Total		<u>146,032.00</u>

Implication

The recoverability of the balance may be too remote.

Recommendation

Efforts should be exerted to recover the balances.

2. Observation

When examining purchases, we noted that proforma invoices collected were kept in a separate file without cross referencing to the final supplier's invoices.

Implication

It is difficult to trace the proforma invoices to the related payment documents.

Recommendation

We recommend that in future, proforma invoices be attached to the suppliers' invoices for the purpose of subsequent checking or else should be properly cross referred to facilitate checking.

3. Observation

We noted instances where the personal files of certain employees are not complete with the following documentary evidences: -

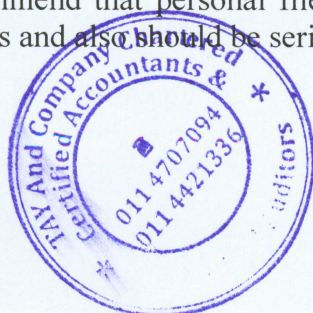
- The contents/ documents in the personal files are not given serial numbers for control purpose.
- Photos on employment contracts
- Evidence for advertainment of the job position

Implication

The organization may not be able to get vital information of its employees when needed.

Recommendation

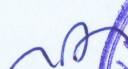
We recommend that personal files should be exhaustively checked for completeness of such documents and also should be serially numbered.



Finally, we would like to thank all the staff members and management of the project for the assistance accorded to us during the course of our audit.

We would be pleased to make ourselves available to discuss the matters raised in this report if found necessary.

Yours faithfully,


TAY & Co.
Chartered Certified Accountants &
Authorized Auditors



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AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF

STATISTICS FOR RESULT PROJECT

UNDER

CENTRAL STATISTICAL AGENCY

(GRANT NO.TF017115)

AS AT AND FOR THE YEAR ENDED 7th JULY 2017

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF
STATISTICS FOR RESULT PROJECT UNDER
CENTRAL STATISTICAL AGENCY (GRANT NO.TF017115)**

Opinion

We have audited the financial statements of Statistics for Result project (Grant No. TF017115) under Central Statistical Agency, which comprise the balance sheet as at 07 July 2017, and the statement of sources and uses of funds, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Statistics for Result Project (Grant No. TF017115) under Central Statistics Agency as at 07 July 2017 and its sources and uses of funds for the year then ended in accordance with the accounting policy of the Project.

In addition, with respect to statement of expenditure submitted during the year ended 07 July 2017, in our opinion

- a) The statements, together with the procedures and internal controls involved in their preparation, can be relied upon to support the relevant withdrawals;
- b) Adequate supporting documentation has been maintained to support claims to IDA for reimbursements of expenditures incurred; and
- c) The expenditures are eligible for financing under IDA Grant No. TF017115.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accounts (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management for the Project Report

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the Project, and for such internal

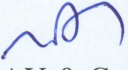


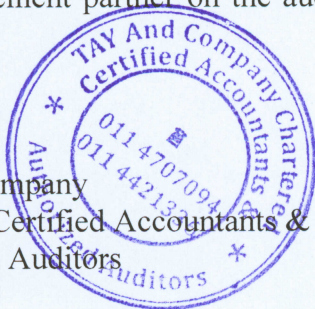
control as management determines is necessary to enable the preparation of a project report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the project report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Tesfa Tadesse.


TAY & Company
Chartered Certified Accountants &
Authorized Auditors



Addis Ababa
04 December 2017

CENTRAL STATISTICS AGENCY
STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)
BALANCE SHEET
AS AT 07 JULY 2017

	<u>Notes</u>	<u>Birr</u>	<u>2016 Birr</u>
CURRENT ASSETS			
Debtors and prepayments	4	12,865,756.78	12,694,315.68
Cash and bank balances	5	14,508,189.10	11,259,062.24
		27,373,945.88	23,953,377.92
LESS: CURRENT LIABILITIES			
Creditors and accruals	6	4,311,411.48	3,188,850.73
NET CURRENT ASSETS		23,062,534.40	20,764,527.19
FINANCED BY			
Fund balance		23,062,534.40	20,764,527.19



CENTRAL STATISTICS AGENCY
STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)
STATEMENT OF SOURCE AND USES OF FUNDS
FOR THE YEAR ENDED 07 JULY 2017

	<u>Notes</u>	<u>Birr</u>	<u>2016</u> <u>Birr</u>
SOURCES			
IDA Grant (Annex I)		84,027,762.80	50,867,772.08
Gain foreign currency exchanges		681,349.73	893,664.96
Other income		-	100,300.00
		84,709,112.53	51,861,737.04
USES			
Organizational and Infrastructural capacity development in the NSS	7	61,957,545.43	42,383,358.55
Statistical Data Development and Management	8	10,445,747.98	-
Statistical Methodology, Standards and Data Quality Assurance and Information Dissemination	9	2,171,743.75	-
M & E and Project Management	10	7,836,068.16	6,194,601.55
		82,411,105.32	48,577,960.10
EXCESS OF SOURCE OVER USES		2,298,007.21	3,283,776.94
FUND BALANCE BROUGHT FORWARD		20,764,527.19	17,480,750.55
FUND BALANCE CARRIED FORWARD		23,062,534.40	20,764,527.19



CENTRAL STATISTICS AGENCY
STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)
NOTES TO THE FINICIAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2017

1.BACKGROUND

The SFR project is established under the auspices of the Central Statistical Agency to facilitate the modernization and revitalization of CSA through capacity building of its staff and its model of functioning.

SFR Project is established as part of the National Statistical Development Strategy to assist the National Statistical system in capacity building and monitoring and evaluation.

The SFR project is an integral part of the National Statistics Development Strategy which is planning to fund some 80 million USD towards modernization of the CSA's organizational and data development capability and infrastructure at head quarter and selected branch offices. The target beneficiaries of the project will be both the government and the general public and stake holders.

The Project established based on the grant agreement entered between IDA and the Government of Ethiopia to finance the activity of the project with 10 million USD.

2. OBJECTIVE OF THE PROGRAM

General Objective of the Program

The objective of the project is to contribute to more effective development policy by providing the basis for monitoring and evaluating the governments GTP and providing feedback to policy makers and citizens on the effectiveness of public policy and the use of public resource.

Specific Objectives of the Program

The specific objective of the project is to enhance the capacity of the Central Statistical Agency (CSA) at the organizational, human, and physical levels in order to produce and disseminate reliable, accessible, and timely statistics.

3. ACCOUNTING POLICIES

The principal accounting policies adopted and applied consistently by the project are stated here below:

Basis of Accounting

Accounts are prepared using Generally Accepted Accounting Principle and World Bank guidelines.

Expenditures of Capital nature

Expenditures of capital nature are expensed at the time of purchase.

Stocks

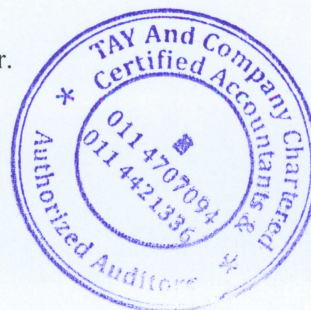
Stocks are expensed when they are purchased or aided by donors.

Foreign currency Translation

The financial statements are presented in Birr. Transaction of foreign currency are translated in to Birr at the approximate rate of exchange prevailing at the date of transaction. Cash balance denominated in foreign currencies are translated in to Birr exchange rate ruling at the balance sheet date. The closing rate as at 07 July 2017 was Birr 23.1081 for one USD.

Currency

The reporting currency for the Program Financial Statements is Ethiopian Birr.



CENTRAL STATISTICS AGENCY
STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)
NOTES TO THE FINICAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2017

4. DEBTORS AND PREPAYMENT

	<u>Birr</u>	<u>2016</u> <u>Birr</u>
Advances - Trainees	492,433.41	298,049.71
Contractors	4,388,418.41	5,777,646.38
Purchase	6,975,727.18	2,291,628.00
Sundry Debtors	295,305.72	168,854.64
Consultants	292,641.70	-
Letter of credit	421,230.36	4,158,136.95
	<u>12,865,756.78</u>	<u>12,694,315.68</u>

5. CASH AND BANK BALANCES

	<u>Birr</u>	<u>2016</u> <u>Birr</u>
• National Bank of Ethiopia US Dollar account No. 0100451300020 (USD 452,435.74 @ 23.1083)	10,454,930.32	10,856,197.71
• Birr account No. 0100451040049	4,053,058.78	397,870.11
Contra Bank A/C	200.00	-
Cash on Hand	-	4,994.42
	<u>14,508,189.10</u>	<u>11,259,062.24</u>

6. CREDITORS AND ACCRUALS

	<u>Birr</u>	<u>2016</u> <u>Birr</u>
Withholding tax	89,050.04	131,464.10
Income tax	277.52	218.88
VAT	1,093,533.22	886,257.01
Pension Payable	504.00	-
Sundry creditors	42,367.48	122.83
Payable to Dehar Al Dehar	595,608.00	-
Consultants	-	118,200.00
Contractors	345,483.89	1,465,832.69
Retention payable	2,144,587.33	586,755.22
	<u>4,311,411.48</u>	<u>3,188,850.73</u>



CENTRAL STATISTICS AGENCY
STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)
NOTES TO THE FINICIAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2017

**7. ORGANIZATIONAL AND INFRASTRUCTURAL CAPACITY
DEVELOPMENT IN THE NSS**

	<u>Birr</u>	<u>2016 Birr</u>
Goods	10,554,048.07	20,103,087.84
Training and Workshops	13,676,452.72	3,983,220.53
Consultant Service	1,099,950.92	4,801,679.89
Works	36,334,774.90	13,495,370.29
Operating	292,318.82	-
	<u>61,957,545.43</u>	<u>42,383,358.55</u>

8. STATISTICAL DATA DEVELOPMENT AND MANAGEMENT

		<u>2016 Birr</u>
Goods	5,990,442.00	-
Training and Workshops	74,372.98	-
Consultant Service	4,376,904.00	-
Operating	4,029.00	-
	<u>10,445,747.98</u>	<u>-</u>

**9. STATISTICAL METHODOLOGY, STANDARDS AND DATA QUALITY
ASSURANCE AND INFORMATION DISSEMINATION**

		<u>2016 Birr</u>
Goods	200,904.63	-
Training and Workshops	1,510,101.90	-
Consultant Service	374,837.22	-
Operating	85,900.00	-
	<u>2,171,743.75</u>	<u>-</u>

10. M & E AND PROJECT MANAGEMENT

		<u>2016 Birr</u>
Goods	423,042.66	124,567.33
Training and Workshops	1,984,092.86	-
Consultant Service	458,271.43	779,716.73
Operating Cost	4,970,661.21	5,290,317.49
	<u>7,836,068.16</u>	<u>6,194,601.55</u>



11. CAPITAL COMMITTEMENT

The project has a capital commitment of Birr 345,483.89 in respect of buildings under construction payable to the contractors.

CENTRAL STATISTICS AGENCY
STATISTICS FOR RESULT PROJECT
NOTES TO THE FINICAL STATEMENTS
FOR THE YEAR ENDED 07 JULY 2017

Currency:- USD

Application No.	Category					
	Consultancy	Traning	Operating	Goods	Works	Total
11	49,176.60	40,633.43	64,190.37	27,924.69	124,326.43	306,251.52
12		-	-	-	413,753.72	413,753.72
13	40,321.77	13,487.64	12,128.67	102,337.66	665,045.51	833,321.25
14	83,099.92	-	-	269,100.50	-	352,200.42
15	-	289,497.40	65,990.40	-	405,120.30	760,608.10
16	63,303.82	212,427.90	69,269.51	-	-	345,001.23
17	73,303.83	72,783.63	-	104,629.18	462,907.18	713,623.82
Total	309,205.94	628,830.00	211,578.95	503,992.03	2,071,153.14	3,724,760.06

Currency:- ETB

Application No.	Category						Exchange rate Gain/loss	Total
	Consultancy	Traning	Operating	Goods	Works			
11	1,066,406.58	880,535.94	1,415,884.47	607,214.98	2,684,412.42	42,402.29		6,696,856.68
12	-	-	-	-	8,995,422.88	107,407.21		9,102,830.09
13	884,409.69	296,072.07	266,027.72	2,244,653.84	14,560,952.02	299,365.66		18,551,481.00
14	1,822,151.81	-	-	5,935,158.25	-	178,998.10		7,936,308.16
15	-	6,367,327.91	1,453,561.13	-	8,899,667.61	622,220.76		17,342,777.41
16	1,424,196.61	4,779,160.47	1,558,411.63	-	-	179,504.10		7,941,272.81
17	1,659,217.50	1,647,442.93	-	2,368,260.64	10,477,811.33	303,504.25		16,456,236.65
Total	6,856,382.19	13,970,539.32	4,693,884.95	11,155,287.71	45,618,266.26	1,733,402.37		84,027,762.80



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**AUDITORS' REPORT ON THE DESIGNATED FINANCIAL
STATEMENTS OF**

**STATISTICS FOR RESULT PROJECT
UNDER
CENTRAL STATISTICAL AGENCY
(GRANT NO.TF017115)**

AS AT AND FOR THE YEAR ENDED 7th JULY 2017

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INDEPENDENT AUDITOR'S REPORT ON THE DESIGNATED FINANCIAL STATEMENTS OF STATISTICS FOR RESULT PROJECT UNDER CENTRAL STATISTICAL AGENCY (GRANT NO. TF017115)

Opinion

We have audited the accompanying special accounts of Statistics for Result project (Grant No. TF017115) under Central Statistical Agency, for year ended 7 July 2017.

In our opinion, the special accounts present fairly, in all material respects, the financial position of the Statistics for Result Project (Grant No. TF017115) under Central Statistics Agency as at 07 July 2017 and the movement for the year then ended in accordance with the accounting policy of the Project.

Basis for Opinion

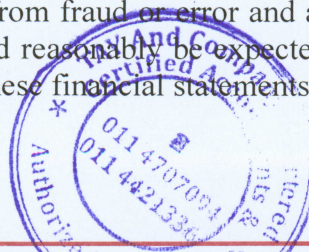
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accounts (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management for the Project Report

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the Project, and for such internal control as management determines is necessary to enable the preparation of a project report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the project report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

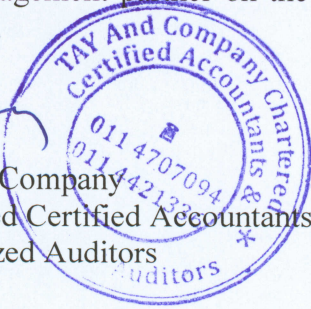


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The engagement partner on the audit resulting in this independent auditor's report is Tesfa Tadesse.


TAY & Company
Chartered Certified Accountants &
Authorized Auditors



Addis Ababa
04 December 2017

CENTRAL STATISTICS AGENCY
STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)
STATEMENT OF DESIGNATED ACCOUNTS
FOR THE YEAR ENDED 7 JULY 2017

Account number :	10045130020
Depository bank	National Bank of Ethiopia
Related Credit and Grant :	IDA Credit TF017115ET
Address :	Addis Ababa, Ethiopia
Currency	USD

		<u>2016</u>
Initial Balance	497,288.13	429,775.83
Add: Transferred from World Bank Credit	<u>3,768,240.31</u>	<u>2,420,507.97</u>
	4,265,528.44	2,850,283.80
Less: Transfer to pool Birr account	3,208,072.99	2,200,000.00
Expenditure during the year	<u>605,019.71</u>	<u>152,995.67</u>
	<u>3,813,092.70</u>	<u>2,352,995.67</u>
Ending Balance	<u><u>452,435.74</u></u>	<u><u>497,288.13</u></u>

